Audit & Risk Committee Meeting
Notice of Meeting | 12th November 2024

Dear Councillors

I respectfully advise that the AUDIT & RISK COMMITTEE MEETING will be held in the Council Chambers, 10 Jennaberring Road, Quairading, WA on 12th November 2024 commencing at 5.00pm

LATE ITEM ATTACHED

Natalie Ness
CHIEF EXECUTIVE OFFICER

Date: 11 November 2024

Disclaimer

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CONTENTS

ITEM 8   STANDING ITEMS – RISK MANAGEMENT REPORTS AND ISSUES

8.1   Shire of Quairading Risk Management Review September - November 2024

Responsible Officer   Natalie Ness, Chief Executive Officer

Reporting Officer   Natalie Ness, Chief Executive Officer

Attachments   1.   Shire of Quairading Risk Management Review 2024 ⇩ 📄
                       2.   Shire of Quairading Risk Register Matrix ⇩ 📄

Voting Requirements   Simple Majority

Disclosure of Interest   Reporting Officer: Nil

                        Responsible Officer: Nil

OFFICER RECOMMENDATION

That the Audit & Risk Committee note the report from the Risk Management Workshop and recommend to Council to endorse the updated November 2024 Shire of Quairading Risk Register.

IN BRIEF

The Shire of Quairading's Risk Management Governance Framework, endorsed on 25th August 2022, conveys a structured and comprehensive approach aimed at managing and mitigating risks in line with internationally recognised best practice, namely AS/NZS ISO 31000:2009. The framework lays out a clear governance model, roles and responsibilities, and a robust reporting and monitoring system to manage risks effectively.

The Shire of Quairading conducted a comprehensive biennial Risk Review Workshop on 26 September 2024 including Council and the Executive Management Team. The workshop was facilitated by Mr James Butterworth, Director, Paramount Projects and his report on the review of the Shire's Risk Management is included with attachment 1. The overall undertaking, including the workshop had several objectives:

- Review and update existing risk profiles

- Develop and update risk mitigation strategies

- Identify new or emerging risks

- Review the Shire's Risk Management Governance Framework.

During the workshop, participants closely scrutinised the current version of the Shire's Risk Register, with agreement reached regarding the need to streamline the Risk Register by removing outdated risks, consolidating related ones, and generally reducing the number of risks by 50% from the current twenty-two risks to a more practical and manageable set.

MATTER FOR CONSIDERATION

That the Audit & Risk Committee note the report from the Risk Management Workshop and recommend to Council to endorse the updated November 2024 Shire of Quairading Risk Register.

BACKGROUND

The Shire of Quairading Risk Management Governance Framework appears to be largely effective in capturing and reporting Shire risks. It adopts a comprehensive approach based on AS/NZS ISO 31000:2009 Risk Management Standards, which includes establishing a clear structure for risk identification, assessment, management, reporting and monitoring. The framework also incorporates clear Risk Assessment & Acceptance Criteria, which defines the Shire's risk appetite.

The Shire of Quairading's Risk Management Governance Framework is well-founded, aligning with global standards and incorporating a systematic approach to risk governance. While its structured model and review mechanisms are commendable, further emphasis on increased simplicity, proactive culture, enhanced training, and the use of technology could improve its effectiveness. Addressing these areas will ensure the framework continues to evolve and remains responsive to the Shire's risk landscape.

Following the Risk Management Workshop held with Council and the Executive Management Team on 26 September 2024, the revised Risk Register [Attachment 2], consolidates and refines risk themes into four overarching categories:

- Infrastructure and Operational Risks

- Community Health and Safety Risks

- Governance, Financial and Compliance Risks

- Strategic, Social and Economic Risks.

The revised Risk Register groups the numerous risk themes from the existing framework into broader categories, which provides a simplified and more manageable structure.

The revised structure's simplicity and strategic focus make it more efficient for risk oversight and management. The move to broader, high-order risk themes, represents a positive evolution in the Shire's risk management approach, aligning with best practices in strategic governance. The simplification should improve the Shire's ability to identify, assess, and manage risks effectively.

The Shire has established a solid foundation for risk management by integrating structured governance, clear procedures, and periodic reviews into its framework. This foundation ensures the Shire is well-positioned to address both foreseeable and emerging risks, which is critical for maintaining community resilience and operational continuity.

STATUTORY ENVIRONMENT

Local Government Act 1995

Work Health & Safety Act 2020

POLICY IMPLICATIONS

Work Health & Safety Policy

Risk Management Policy

FINANCIAL IMPLICATIONS

If Council do not identify potential risks to the Shire and have adequate risk mitigation strategies in place Executive Management and Council could be financially liable.

Having adequate risk management also protects the Shire from fraud, loss of/damage to assets and many other incidents that could be costly.

ALIGNMENT WITH STRATEGIC PRIORITIES

3.1   **Built Environment**: Safe, efficient and well maintained road and footpath infrastructure

3.2   **Built Environment**: Parks, gardens and social spaces are safe and encourage active, engaged and healthy lifestyles

4.3   **Natural Environment**: Demonstrate sustainable practices of water, energy and waste management

5.3   **Governance & Leadership**: Provide informed and transparent decision making that, meets our legal obligations, and the needs of our diverse community

5.4   **Governance & Leadership**: Implement systems and processes that meet legislative and audit obligations

CONSULTATION

A Risk Management expert was engaged to assist in reviewing the Risk Register with Councillors and the Executive Management Team through the facilitation of a comprehensive Risk Review Workshop in September 2026.

RISK MANAGEMENT PRIORITIES

This report addresses the following identified Strategic Risk Management Priorities:

Loss of emergency communications due to mains power supply.

Longevity and frequency of power outages significantly impacts business.

The sustainability and viability of the Shire of Quairading Medical Practice.

Skills/qualifications shortage across the Shire.

Unqualified, unskilled and/or inexperienced Shire personnel increase work health and safety risks.

Non-compliance with work health and safety legislation increases the risk and potential liability to the public, staff and Councillors.

Work health and safety legislation increases liability of Councillors and Executive (personal wealth and assets) in the management of Bushfire and Volunteer Fire and Rescue Services Brigades.

Asset Management Plan is non-compliant due to aging assets and increasing costs.

Uncertainty of Quairading's long-term future results in the further attenuation and closure of local businesses.

New local government compliance requirements and low rate-base affects rate payers' service delivery expectations (e.g. not being met/expectations verses reality).

Natural disaster/s impact business continuity.

Data breaches/hack of Shire information and communications technology systems impacts business continuity, results in financial or other data theft and increases liability (Elected Members, Executive and the Shire as a whole).

Poor or no construction of roads results in public safety dangers and high-level liability consequences for Elected Members, Executive and the Shire as a whole.

The increasing cost of running Quairading Medical Practice results in no service or a reduced level of service.

Misconduct (non-financial) by a Shire employee results in financial, legal and/or reputational damage.

Financial misconduct by (a) a Shire employee, and (b) an executive/office holder results in financial, legal and/or reputational damage.

Aged people leaving the Shire due to a lack of appropriate accommodation (well before requiring residential aged care).

The resale value/return on investment for local properties remains low.

Lack of routine maintenance of Shire roads creates public safety risk and associated liability issues.

RISK ASSESSMENT

	Option 1
Financial	High *Without adequate risk management and mitigation, the Shire, Executive Management Team and Councillors could be liable for negligence which could result in financial compensation.* *There would also be a higher likelihood of damage to assets and property.*
Health	High *Having adequate risk management strategies in place lessens the risk of injury or fatalities in the workplace.*
Reputation	High *If the Shire is not a safe place to work there will be high staff turnover, or alternatively reports to WorkSafe, Fair Work and other regulators could cause reputational damage to the Shire.*
Operations	High *If staff are in an unsafe workplace (considering mental and physical health) they will not want to come to work, and in turn there could be high staff turnover and/or high staff absence from work.*
Natural Environment	Nil

Likelihood	Consequence				
	Insignificant	Minor	Moderate	Major	Critical
Rare	LOW Accept the risk Routine management	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Unlikely	LOW Accept the risk Routine management	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review
Possible	LOW Accept the risk Routine management	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quartely senior management review	HIGH Quarterly senior management review
Likely	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	HIGH Quarterly senior management review	EXTREME Monthly senior management review
Almost certain	MEDIUM Specific responsibility and treatment	MEDIUM Specific responsibility and treatment	HIGH Quarterly senior management review	EXTREME Monthly senior management review	EXTREME Monthly senior management review

COMMENT

Nil.

RISK MANAGEMENT REVIEW

September – November 2024.

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SHIRE OF QUAIRADING RISK REVIEW   7 November 2024

SUMMARY

The Shire of Quairading conducted a comprehensive risk review workshop on 26 September 2024. This biennial event brought together Shire Councillors, the CEO and executive team to assess and update the Shire's risk management strategies as documented in its existing risk register. James Butterworth from Paramount projects was engaged to facilitate the session as an independent consultant.

The overall undertaking, including the workshop. had several objectives:

1. Review and update existing risk profiles
2. Develop and update risk mitigation strategies
3. Identify new or emerging risks
4. Review the Shire's Risk Management Governance Framework.

The work utilised several key documents, including:

- Current Shire Endorsed Risk Register (Nov 2022)
- Shire Risk Management Governance Framework (Aug 2022)
- Shire Risk Management Policy (Aug 2023)
- Shire Risk Dashboard Report (Aug 2024)
- Risk Register document 2023 (summarising local risk assessments from 2013-2017).

As part of the process and prior to the workshop, participants were tasked with reviewing the Shire's Risk Management Governance Framework, and Policy and Procedures, including the Risk Assessment and Acceptance Criteria.

The September workshop discussion was guided by key questions provided to participants in advance, focusing on the following areas:

1. How do you believe the Shire Council is performing in terms of monitoring and reporting on risks?
2. Are you comfortable with the Shire's current risk register and management plan? (consider strengths, any weaknesses and threats).
3. What do you believe are the top 3-5 risks that the Shire currently faces? (could be external, internal or both)
4. Are there any existing risk mitigation strategies that you feel need changing or are outdated?
5. Are there any emerging risks or changes in the Shire/community that have occurred or become more visible in the last 2 years?

Following the workshop, the consultant reviewed the Shire's Risk Management Governance Framework and other key documents, refining the outcomes into a report for Council's consideration (this report).

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RISK REGISTER REVIEW

During the workshop, participants closely scrutinised the current version of the risk register. There was widespread agreement regarding the need to streamline the register by removing outdated risks, consolidating related ones, and generally reducing the number of risks from the current 22 to a more practical and manageable set.

The Updated Risk Register (November 2024) is included in this document in draft as Appendix 1. This draft reflects a more organised, detailed and resource-oriented approach, consolidating related risks and enhancing clarity in risk management and mitigation strategies.

In addition to reducing the number of documented risks by 50%, the main changes observed compared with the previous version are as follows:

Combined Risks and Reorganisation

In the new November 2024 draft, workforce-related risks (such as employee retention, skill shortages, and WHS concerns with untrained staff) have been consolidated into a single risk titled "Workforce Challenges and Skills Shortage" (Risk 1).

Similarly, issues related to mains power supply reliability and emergency communications have been grouped under "Power Supply Reliability and Emergency Response" (Risk 2).

Expanded and Refined Descriptions

Risk descriptions are more detailed in the new draft. For instance, "Workforce Challenges" now includes a focus on burnout, legal consequences and contractor management.

The impact section for each risk has been expanded to provide a clearer understanding of potential consequences, such as added details on legal and reputational risks for the "Workplace Health and Safety Compliance" risk.

Newly Added Risks and Changes in Prioritisation

The November version introduces specific references to cybersecurity risks under "Cybersecurity and Data Protection" (Risk 8) and includes "Organisational Misconduct" (Risk 9) as a separate risk, addressing both financial and non-financial misconduct.

Risks related to local housing, public expectations, and community social challenges (e.g., crime, housing crisis) have been given more detailed treatment in the November version, recognising these as significant governance and social risks.

Modified Mitigation Actions

The November version lists more structured and specific mitigation strategies. For instance, " Power Supply Reliability and Emergency Response" (Risk 2) includes actions to develop a local microgrid and strategically place generators, while "Workplace Health and Safety Compliance" (Risk 4) includes improved app-based communication tools and regular monthly reporting.

Additionally, the November version places a greater emphasis on strategies like staff retention and succession planning under workforce-related risks.

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Refinement of Resource Implications

Resource requirements are outlined with more clarity. For instance, "Cybersecurity and Data Protection" (Risk 8) now includes mention of ongoing staff awareness training and regular security audits.

RISK PRIORTIY

Based on the risk ratings provided in the document, the ordered list of risks from highest to lowest score is as follows:

1. Risk # 2, Power Supply Reliability and Emergency Response - Score: 25 (Extreme)
2. Risk # 4, Workplace Health and Safety Compliance - Score: 25 (Extreme)
3. Risk # 10, Housing Availability and Affordability - Score: 20 (Extreme)
4. Risk # 3, Road and Infrastructure Maintenance - Score: 20 (Extreme)
5. Risk # 1, Workforce Challenges and Skills Shortage - Score: 16 (High)
6. Risk # 8, Cybersecurity and Data Protection - Score: 16 (High)
7. Risk #5, Healthcare Service Stability - Score: 15 (High)
8. Risk # 7, Financial Viability and Asset Management - Score: 15 (High)
9. Risk # 6, Natural and Man-Made Disasters - Score: 12 (High)
10. Risk # 11, Social Challenges and Community Expectations - Score: 12 (High)
11. Risk # 9, Organisational Misconduct - Score: 5 (Moderate)

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RISK MANAGEMENT GOVERNANCE FRAMEWORK REVIEW

The Shire of Quairading's Risk Management Governance Framework, endorsed on 25th August 2022, conveys a structured and comprehensive approach aimed at managing and mitigating risks in line with internationally recognised best practice, namely AS/NZS ISO 31000:2009. The framework lays out a clear governance model, roles and responsibilities, and a robust reporting and monitoring system to manage risks effectively. The following assessment outlines the framework's effectiveness, strengths, weaknesses and opportunities for improvement

Effectiveness in Capturing and Reporting Shire Risks

The Framework appears to be largely effective in capturing and reporting on Shire risks.

It adopts a comprehensive approach based on AS/NZS ISO 31000:2009 Risk Management standards, which includes establishing a clear structure for risk identification, assessment, management, reporting, and monitoring. The framework also incorporates clear Risk Assessment & Acceptance Criteria, which define the Shire's risk appetite and provide a consistent approach to evaluating and responding to risks.

To support delivery, the framework also implements a clear operating structure and "Three Lines of Defence" model as a means of ensuring clear roles and responsibilities across the organisation. This model consists of:

1. First Line: All operational areas responsible for identifying, assessing, managing, and reporting risks within their scope.
2. Second Line: Led by the Executive Manager, Corporate Services, who owns and manages the risk management framework, providing oversight and support.
3. Third Line: Internal and External Audit functions, providing independent assurance on the effectiveness of business operations and oversight frameworks.

Assessed Strengths

✓ A Strong Foundation: The framework is built on internationally recognised standards, providing a solid base for risk management.
✓ Clear Governance Structure: Roles and responsibilities are well-defined for Council, Audit Committee, CEO, Executive Management Team, and operational staff.
✓ Integrated Approach: Risk management is incorporated into strategic, operational, project, and line management responsibilities.
✓ Integrated Communication and Consultation: The emphasis on stakeholder engagement and communication throughout the risk management process enhances transparency and ensures relevant parties are informed or consulted appropriately.
✓ Regular Review: The framework mandates an (ideally, as a minimum) 18-month cycle review, ensuring it remains current and effective.

Potential Weaknesses

➢ Resource Intensity: While the governance framework acknowledges existing time, resource, and workload pressures, its comprehensive nature might act to strain the Shire's limited capacity, potentially impacting consistent and effective implementation of risk management practices, particularly during periods of high operational demand.

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➢ Complexity: While considered largely fit-for-purpose, the framework may be considered as overly complex for a comparatively small shire, potentially leading to implementation challenges.

➢ Limited Scope for Risk Culture: While the framework outlines responsibilities and the need for a risk-aware culture, it could benefit from more explicit strategies to foster a proactive risk management mindset among staff and stakeholders.

➢ Dependence on Periodic Reviews: The reliance on an 18-month review cycle for risk profiles could potentially overlook emerging risks if more frequent assessments are not embedded as a standard practice, especially in rapidly changing contexts.

Opportunities for Improvement and Growth

Implementing the following suggested improvements would enhance risk management and also contribute to greater organisational resilience and adaptive capacity.

➢ Enhanced Training and Capacity Building: Enhance risk management culture through regular training and awareness programs for all staff and elected members.

➢ Stakeholder Engagement: When and where able, increase involvement of external stakeholders in the risk identification and assessment process.

➢ Greater Emphasis on Emerging Risks: Introducing a formalised process for regularly scanning and addressing emerging risks, beyond the standard review cycle, would enhance the Shire's agility and preparedness (where able).

➢ Benchmarking: If able, compare risk management practices with similar-sized Wheatbelt and other shires to identify areas for improvement and best practices.

Themes Comparison: Governance Framework vs. Revised Risk Register

The Shire's current Risk Management Governance Framework identifies several specific risk themes, including:

- Asset Sustainability Practices
- Business & Community Disruption
- Compliance Failures
- Document Management Processes
- Employment Practices
- Engagement Practices
- Environmental Management
- Errors, Omissions, Delays
- External Theft & Fraud (including Cyber Crime)
- Facilities/Venues/Events Management
- IT & Communications Infrastructure
- Misconduct
- Project/Change Management
- Safety & Security Practices
- Supplier/Contract Management

The revised Risk Register, included at Appendix 1, consolidates and refines risk themes into four overarching categories:

1. Infrastructure and Operational Risks
2. Community Health and Safety Risks
3. Governance, Financial, and Compliance Risks
4. Strategic Social and Economic Risks

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<u>Points of Difference</u>

Theme Consolidation: The revised Risk Register groups the numerous risk themes from the existing framework into broader categories, which provides a simplified and more manageable structure. For example, themes like "Asset Sustainability" and "IT Infrastructure" now fall under Infrastructure and Operational Risks, making the risks easier to review collectively.

Integration of Strategic Elements: The revised approach introduces Strategic Social and Economic Risks, acknowledging the Shire's long-term sustainability and economic considerations. This category is absent in the original framework.

Enhanced Focus on Community and Safety: The new category, Community Health and Safety Risks, specifically highlights risks related to community well-being and compliance with health and safety regulations. This clearer emphasis strengthens the Shire's focus on public safety and emergency preparedness.

Governance and Financial Oversight: The revised Governance, Financial, and Compliance Risks theme combines governance and financial viability, which were previously dispersed across multiple themes. This integration underscores the importance of financial stability and regulatory compliance as interrelated concerns.

In sum, the revised structure's simplicity and strategic focus make it more efficient for risk oversight and management. The move to broader, higher-order risk themes represents a positive evolution in the Shire's risk management approach, aligning with best practices in strategic governance. The simplification should improve the Shire's ability to identify, assess, and manage risks effectively.

This noted, careful implementation and ongoing refinement will be critical to ensure that no critical risk areas are diluted or overlooked. While broader categories simplify management, it will be important to ensure that the detailed risks within each category are not overlooked. Regular workshops could be beneficial to ensure that nuances from the original framework are adequately addressed.

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Conclusion

The Shire of Quairading's Risk Management Governance Framework is well-founded, aligning with global standards and incorporating a systematic approach to risk governance. While its structured model and review mechanisms are commendable, further emphasis on increased simplicity, proactive culture, enhanced training, and the use of technology could improve its effectiveness. Addressing these areas will ensure the framework continues to evolve and remains responsive to the Shire's risk landscape.

POLICY AND GOVERNANCE FRAMEWORK ALIGNMENT

The Shire of Quairading's Risk Management Procedures and Policy are foundational components of its Governance Framework, designed to ensure comprehensive risk identification, assessment, management and monitoring. The following review assesses how well these criteria align with the Shire's overarching Risk Management Policy.

Based on a desktop review of both the Shire's Risk Management Policy and the Risk Management Governance Framework, the components appear to be well-aligned in several key aspects. The alignment between the policy and framework provides a cohesive and comprehensive approach to risk management for the Shire. In simple terms, the policy sets the high-level direction and commitments, while the framework provides the detailed operational guidance to implement these commitments effectively.

Key aspects include:

- Consistency in Standards: Both documents reference and align with AS/NZS ISO 31000:2009 Risk Management standards, ensuring a consistent approach to risk management across the Shire.
- Objectives Alignment: The policy's objectives are reflected and expanded in the framework, providing a clear link between high-level policy goals and operational implementation.
- Roles and Responsibilities: While the policy briefly mentions assigning roles for risk ownership, the framework provides a detailed breakdown of responsibilities across different levels of the organisation, including the "Three Lines of Defence" model.
- Risk Appetite and Acceptance: Both documents mention risk appetite, with the framework providing more detail on how it's defined and applied through the Risk Assessment & Acceptance Criteria.
- Governance Structure: The policy mentions the Audit & Risk Committee, which is further elaborated in the framework's governance structure.
- Compliance: Both documents reference relevant legislation and regulations, ensuring a compliant approach to risk management.

Specific Criteria in Risk Management Procedures

To implement the Policy's objectives effectively, the Risk Management Procedures provide detailed, step-by-step criteria. These procedures are crucial for translating high-level commitments into practical actions and ensuring consistent risk management practices across the Shire. The criteria include:

1. Risk Assessment: The Procedures detail a multi-step risk assessment process:

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- Establishing the Context: Understanding both organisational and specific risk contexts is crucial. The Procedures require alignment with the Shire's strategic and operational goals, reflecting the Policy's emphasis on embedding risk management into all facets of Shire activities.
- Risk Identification: This stage involves pinpointing uncertainties, their causes, existing controls, and potential consequences.
- Risk Analysis: The analysis uses the Risk Assessment and Acceptance Criteria to rate risks based on likelihood and consequence.
- Risk Evaluation: Involves verifying control effectiveness and deciding whether the risk is within the Shire's appetite.

2. Monitoring and Review: The Procedures mandate regular risk monitoring, with an 18-month review cycle or more frequent updates as necessary, to maintain alignment with the Policy's focus on continuous improvement.

3. Key Performance Indicators (KPIs): The use of KPIs for monitoring risk and control effectiveness is a practical element that supports the Policy's objectives.

4. Risk Reporting and Communication: Reporting mechanisms are embedded within the Procedures, which align with the Policy's commitment to transparency and oversight.

<u>Gaps and Potential Enhancements</u>

1. Proactive Risk Management: While the Procedures are comprehensive, they could be further enhanced with more explicit strategies to foster a proactive risk culture, as emphasised in the Policy. Currently, the focus is more reactive, with heavy reliance on periodic reviews.

2. Frequency of Reviews: The stated 18-month review cycle may not be sufficient for dynamic or rapidly evolving risk environments. More frequent or rolling reviews could better support dynamic risk environments, enhancing procedural effectiveness.

3. Simplifying Complexity: The detailed nature of the Procedures, while thorough, might be perceived as overly complex for a smaller Shire. Streamlining or simplifying some processes without compromising rigour could improve usability and compliance.

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OVERALL ASSESSMENT

The Shire of Quairading's risk management approach is comprehensive, contextually appropriate, and aligned with national and international standards, notably AS/NZS ISO 31000:2009. The Shire has established a solid foundation for risk management by integrating structured governance, clear procedures, and periodic reviews into its framework. This foundation ensures the Shire is well-positioned to address both foreseeable and emerging risks, which is critical for maintaining community resilience and operational continuity.

Key strengths include the Shire's commitment to maintaining a proactive governance structure with defined roles and responsibilities, underscored by the adoption of the "Three Lines of Defence" model. This not only reinforces accountability across all levels of the organisation but also provides layers of oversight that support transparency and robust risk management practices. The framework's commitment to stakeholder engagement and consultation further enhances its effectiveness, promoting a culture of shared responsibility and open communication around risk management.

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APPENDIX 1   **Shire of Quairading Risk Register FINAL DRAFT**   **November 2024**

Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
Theme 1. Infrastructure and Operational Risks – critical for day-to-day operations and business continuity, and can produce immediate effects											
1.	**Workforce Challenges and Skills Shortage** Workforce challenges, including an inability to source sufficiently skilled new employees and high staff turnover, pose significant risks to the Shire. These issues have the potential to negatively impact current Shire operations, hinder program delivery, and increase stress on existing employees, leading to reduced service quality and operational efficiency. As one example, the employment of un- or under-qualified Shire personnel (e.g., in technical services) has the potential to create major WHS consequences.	1. Core Operations Impacted: Disruption to Shire business and less effective service delivery. 2. Community resilience and sustainability threatened, potentially leading to population decline. 3. Reputation Damage: Negative outcomes affect community trust. 4. Legal penalties (e.g., for WHS breach). 5. Employee Well-being: Increased burnout, low staff morale, and poor 'corporate memory' and knowledge retention. 6. Limited pool of suppliers and inability to control contractor pricing.	Likely	Major	**16 M**	Existing Risk	1. Implement a comprehensive Workforce Plan inclusive of: • Employee Retention: Implement a retention scheme with associated benefits and incentives. • Strategic Recruitment: Develop 'persuasive' staff recruitment and induction processes. • Professional Development: Undertake training and development planning to enhance staff skills and job satisfaction. • Succession and Leadership Planning: Create a clear pathway for career progression and promote from within where able. 2. Promote work flexibility and positive organisational culture. • Work Flexibility: Promote to accommodate diverse needs and improve work-life balance. • Positive Representation: Foster a culture of respect for staff during community engagements to enhance the Shire's reputation and boost employee morale.	Operational budget. Up to $20,000 per annum for the training component.	1 CEO 2 EMCS	March 2025

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Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
							3. Retain core focus on 'safety first'.			
2.	**Power Supply Reliability and Emergency Response** Mains power supply failures and ongoing unreliability pose significant risks to the Shire, potentially resulting in the loss of critical emergency communications and substantial disruptions to local businesses. Issues could compromise public safety during emergencies and, more generally, lead to economic losses across the community.	1. Emergency Management: Severely compromises the ability to control emergency situations and maintain communications. Impacts include delayed response times and impaired coordination among emergency services. 2. Public Safety: Significantly threatens community safety, particularly during emergencies. 3. Evacuation Capabilities: Hampers required evacuation efforts, potentially leaving vulnerable populations at risk. 4. Business Continuity: Causes immediate and longer-term impacts. 5. Critical Services disrupted: Includes fuel supply, electronic payments, refrigeration and medical equipment. 6. Economic Development: Acts as a disincentive for new businesses to establish in Shire. 7. Infrastructure Reliability: Undermines confidence, potentially affecting local investment and property values.	Almost Certain	Catastrophic	25 E	Existing Risk	1. Microgrid Development: Secure capital and operational funding to establish and operate a local microgrid. This system would provide reliable local energy generation and storage, incorporating renewable energy sources and battery technology. 2. Emergency Communications Resilience: Work to future-proof communications systems where possible, particularly through the implementation of Uninterruptible Power Supply (UPS) solutions. This strategy ensures that critical communication channels remain operational during power outages, maintaining public safety and response/coordination capabilities. 3. Government Advocacy: To address the root cause of the power supply issues at a systemic level, actively lobby both government and opposition parties for a more reliable power service. 4. Strategically place generators around the town.	Nil, other than officer time. Electricity is a State Government responsibility. Seek grant funding where able.	1 CEO 2 EMC	March 2025 Monthly updates to be provided whenever risk changes or new information becomes available

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Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
3.	**Road and Infrastructure Maintenance** If routine maintenance and timely construction of Shire roads, bridges and other key infrastructure are not completed to standard requirements, public safety dangers and other negative outcomes are probable. The Shire has noted, for example, that materials for road building are becoming more marginal which affects the strengths ratio.	1. Personal and/or public liability impacts (up to $1M fine and/or 20 years in prison). 2. Increased injury and fatality. 3. Diminished access to properties – impacts on farm operations and productivity. 4. Dissatisfied community/ ratepayers. 5. Negative reputational outcomes/lawsuits.	Likely	Catastrophic	20 E	Existing Risk	1. Safety and Compliance: • Retain core focus on 'safety first' • Conduct internal WHS Audit • Ensure machine and plant operators are sufficiently qualified. 2. Financial Management: • Institute strong cost management (e.g., materials, contractors) • Source additional external grant funding for new roads. 3. Operational Efficiency: • Respond to external feedback • Implement immediate risk mitigation measures (e.g., barriers, signage) when risks can't be immediately eliminated.	Operational budget	EM, W&S	Quarterly updates

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Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
Theme 2. Community Health and Safety Risks – underline the importance of safety and compliance										
4.	**Workplace Health and Safety Compliance** Non-compliance with workplace health and safety legislation, including the Work Health & Safety Act 2020 and Fair Work Act 2009, has the potential to detrimentally affect Shire functioning. The new WA Work Health & Safety legislation introduces additional challenges, including in managing Bushfire and VFRS Brigades, potentially increasing the risk of WHS breaches for the Shire. Mismanagement of employee wellbeing, harassment, bullying, and safety breaches in employment practices directly affect workplace health and safety, potentially leading to increased WHS claims.	1. Legal and Financial Consequences: • Personal and/or public liability (up to $1M fine and/or 20 years in prison) • Severe legal penalties and financial losses/fines. 2. Reputational Damage: • Negative outcomes leading to lawsuits and dissatisfied community/ratepayers. 3. Safety and Operational Impacts: • Death or permanent injury • Community safety diminished • Bushfire and VFRS Brigades become increasingly marginal operationally (i.e., via increased compliance, safety training and reporting requirements).	Almost Certain	Catastrophic	25 E	Existing Risk	1. Governance and Reporting: • Council to maintain strong oversight of Risk Management documents • CEO and CESM to report monthly to Council on risk mitigation and elimination strategies. 2. Safety and Compliance: • Retain core focus on 'safety first' • Conduct internal WHS Audit • Monitor and maintain registration and training requirements • Enact a "no training, no fire ground" policy position. 3. Operational Efficiency: • Institute strong cost management (e.g., materials, contractors) • Ensure machine and plant operators are sufficiently qualified. 4. Communication and Response: • Improve communications via new app software • Respond to external feedback • Implement immediate risk mitigation measures (e.g., barriers, signage) where risks can't be immediately eliminated.	Standard operational budget for WHS initiatives	CEO	Ongoing Monthly reporting

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Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
5.	**Healthcare Service Stability** The Quairading Medical Practice faces significant challenges in maintaining consistent and affordable medical services due to potential loss of medical personnel and increasing operational costs, which could result in reduced healthcare access for the community.	1. Loss of local medical services, leading to: • Increased travel burden for medical care • Closure of allied health services (e.g., chemist). 2. Threats to community sustainability: • Community dissatisfaction • Potential population decline • Economic impacts on local businesses. 3. Negative reputational outcomes for the Shire.	Possible	Catastrophic	**15 H**	Existing Risk	1. Keep costs for running the medical practice as cost-effective as possible (while maintaining service quality). 2. Establish a second option practitioner for when the current practitioner (a) takes annual leave, or (b) eventually leaves (including list of locums). 3. Current Supply of Practitioner Agreement for a term of three years expiry 25 January 2027 + three-year option. 4. Develop a long-term recruitment and retention strategy for medical professionals, including incentives and support for rural practice. 5. Investigate telemedicine options to supplement in-person care and potentially reduce costs.	Significant resources required; develop options for resource allocation	1 CEO 2 EMCS	Present options March 2025
6.	**Natural and Man-Made Disasters** Natural and manmade disasters have the potential to affect Shire business continuity. *Includes fire, flood, storm, earthquake, extreme heat, pandemic, chemical spill, terrorism.* Climate change has been	1. Loss of critical infrastructure. 2. Injury and fatalities. 3. High recovery costs. 4. Loss of business continuity. 5. Shire core business impacts. 6. Businesses choose not to re-establish. 7. Environmental degradation (e.g., drought, soil erosion) 8. Economic instability: generational farms are no	Possible	Major	**12 H**	Existing Risk	1. Implement a Business Continuity Framework. 2. Local Emergency Management Arrangements – ensure current and tested through LEMC Exercises. 3. Review and update key hazard plans including Bushfire Risk Management Plan. 4. Convene quarterly meetings with key agencies.	Cost-prohibitive; high dependency on State and Federal funding for disaster resilience.	1 CEO 2 EMC	Current and Ongoing

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	recognised by the Shire, including the prevalence of extreme fire and other weather events.	longer workable.								
Theme 3. Governance, Financial, and Compliance Risks – includes a need to discuss resource allocation and budgeting element										
7.	**Financial Viability and Asset Management** If the Shire is struggling to remain financially viable, the ability to comply with its Asset Management Plan may be compromised	1. Cost of managing aging infrastructure becomes prohibitive. 2. Creates degradation and loss of useful/useable assets. 3. Increased safety risk. 4. Reduced ability to regenerate or create economic benefit across the Shire.	Possible	Catastrophic	15 H	Existing Risk	1. Promote Quairading as a destination with a 'point of difference' (e.g., as Beverley has done). 2. Consider marketing campaigns for attracting new investors and residents into the Shire, including people seeking a 'tree change'. 3. Explore and promote quality affordable housing options, and lead by example. 4. Encourage light industrial activity and support small business ventures through flexible policies. 5. Increase the rate-base through the above-mentioned strategies.	Resource range: $500,000 to $1 million for various asset management projects	1 CEO 2 EMED	Jun 2025
8.	**Cybersecurity and Data Protection** Any data breach/hack of Shire information and communications technology systems has the potential to affect Shire operations, Includes data theft, ransomware and phishing.	1. Financial misappropriation/loss. 2. Community member and/or employee financial records compromised or stolen. 3. Loss of data and data integrity. 4. Shire business continuity significantly compromised. 5. Shire reputation impacted.	Likely	Major	16 H	Existing Risk	1. Develop and maintain Business Continuity and IT Disaster Recovery Plans. 2. Implement robust IT security measures (e.g., firewalls, access controls, UPS/backup systems). 3. Conduct regular security audits and recovery exercises.	Allocated within operational IT budget	1 CEO 2 EMCS	June 2025

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							4. Provide staff cybersecurity awareness training.			
9.	**Organisational Misconduct** Unethical or illegal behavior by Shire employees, executives or office holders, including both financial and non-financial misconduct, has the potential to produce significant negative consequences for the Shire.	1. Council suspension or leadership changes (e.g., CEO removal, employee terminations). 2. Independent investigations and regulatory actions (e.g., Fair Work Commission). 3. Intense public and media scrutiny. 4. Reputational damage. 5. Financial penalties and economic impacts. 6. Business continuity and viability challenges.	Rare	Catastrophic	5 M	Existing Risk	1. Financial Controls and Processes • Update cash handling procedures • Conduct financial management reviews and implement controls. 2. Governance Frameworks • Update the delegated authority framework • Enhance the IT Security Framework. 3. Human Resource Management • Revise the staff on-boarding/induction program • Implement a performance management program • Update HR Policies and Code of Conduct (for Council and staff). 4. Operational Safety • Establish supervision and induction processes to use plant and equipment. 5. External Oversight • Conduct regular external audits.	Standard operational budget to cover governance improvements and external audits	1 CEO 2 EMCS	Current and Ongoing

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Risk Id	Description of Risk (Risk Statement)	Impact (consequences)	Likelihood	Consequence	Rating/Score	Last Review; Change in Rating	Risk Management / Mitigation Actions	Resourcing Implications	Person(s) responsible	Mitigation Action(s) Reporting Timeline
Theme 4. Strategic Social and Economic Risks – emphasise the long-term impact on the community and the Shire's sustainability										
10.	**Housing Availability and Affordability** Seniors and Aged Care: Absence of local independent living facilities may force older residents to leave prematurely, disrupting community cohesion. Essential Worker Housing: Insufficient housing for government workers and Country Health Service staff can hinder recruitment and retention. Public and Community Housing: Limited public housing options may increase housing stress for low-income individuals, leading to potential homelessness.	1. Low property resale values and return on investment undermine community sustainability. 2. Population decline due to: • Higher outward migration and lower inward migration • Workforce reduction • Residents forced to relocate due to housing shortages. 3. Economic impacts: • Impeded economic growth • Reduced local spending. 4. Threats to community viability: • Loss of professional and community-based services • Weakening of community fabric • Potential loss of local infrastructure.	Almost Certain	Major	20 E	Existing Risk	1. Lead by example, explore and promote quality affordable housing options including joint venture options for the construction of Residential Independent Living Units. 2. Noting that the Shire does not have 50% of the total cost of the project to contribute to a grant/tender application under the Housing Support Program, explore options with bespoke groups i.e., Central East Accommodation & Care Alliance Inc (CEACA). 3. Promote Quairading as a destination with a 'point of difference' (e.g., as Beverley and Katanning have done). 4. Consider marketing campaigns and other strategies for attracting new investors and residents, including people seeking a 'tree change'.	Officer time until solutions have been identified. May need to form budgets, e.g., for marketing initiatives.	CEO	June 2025

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11.	**Social Challenges and Community Expectations** Social challenges (e.g., crime, antisocial behavior, vandalism, housing crisis, homelessness) may significantly impact ratepayers' expectations of the Shire's responsibilities and perceived effectiveness. Misalignment between community expectations and Shire jurisdiction could lead to reputational damage, resource pressure and potential conflict.	1. Disgruntled ratepayers and reputational damage 2. Blame towards staff and Council Members 3. Diminished service outcomes and increased pressure on resources 4. Higher rates payment defaults and debt collections 5. Difficulty attracting new residents/businesses 6. Strained community relationships and social cohesion 7. Increased demand for social services beyond Shire capacity/jurisdiction	Likely	Moderate	12 H	New Risk	1. Develop and implement a community engagement strategy to better understand ratepayers' expectations. 2. Hold at least two community forums each year. 3. Establish clear guidelines on the Shire's responsibilities and limitations regarding social issues, and communicate these effectively. 4. Maintain healthy relationships with government agencies, funding bodies and WALGA. 5. Prioritise grant writing and winning. 6. Continue focus on social media messaging while retaining hard copy dissemination for older generations. 7. Formalise regular contributions to the Banksia Bulletin and Passion Sheet.	Operational budget, with emphasis on engagement activities	1 CEO 2 EMED	Current and Ongoing

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